



# Delegated decision report

## DECISION UNDER DELEGATED POWERS

**DECISION CANNOT BE TAKEN BEFORE MONDAY, 5 MARCH 2012**

Title	<b>PROPOSED SALE OF PUCKPOOL LODGE, PUCKPOOL PARK, SEAVIEW</b>
Report of/to	<b>THE DEPUTY LEADER AND CABINET MEMBER FOR THE ECONOMY AND ENVIRONMENT</b>

### EXECUTIVE SUMMARY

1. The purpose of this paper is to approve the disposal of the council's freehold interest in Puckpool Lodge, Puckpool Park, Seaview.
2. The outcome will be a capital receipt in the sum of £172,000 which will contribute towards the council's capital receipts target of £1.9m for this financial year as set out in the Capital Receipts Programme 2011-2013 (decision reference 43/11).

### BACKGROUND

3. Puckpool Lodge forms part of the council's Puckpool Park in Seaview, as shown on the site plan attached as the Appendix. The Lodge building is located immediately inside the park gates, and was until recently occupied by the park gate keeper as his residence. This recently ceased and the property was vacated.
4. The Lodge is, essentially, a relatively small two bedroom semi-detached bungalow, attached to the adjacent café. It comprises one reception room, two bedrooms, a kitchen, a bathroom and a small private garden.
5. It was purchased by the council in 1928 as part of Puckpool Park, and was used for some time as Army barracks accommodation. This use ceased, and in circa 1980 a lease was granted to the gate keeper and his family, to live in the property as their home. The tenant vacated in November 2011 and the daily locking of the gates ceased.
6. Parks and Countryside, the service area responsible for running Puckpool Park, has confirmed that the Lodge is no longer required as accommodation for a gate keeper, and that the gates no longer need to be locked daily. Therefore Puckpool Lodge has become surplus to the council's requirements.

7. Various options were considered regarding the future of the property including outright sale as it stands; refurbishing it for residential use and re-letting it; and converting it to commercial use as part of the adjacent café, or separately, and then letting it. However, the current condition of the building is so poor that the council would have to invest considerable money to put it into good and tenable condition before letting it. The council not only has no budget for this, but the rate of return achievable from such an investment and letting is not comparable to the price achievable for an outright sale. Hence the decision to sell.
8. Accordingly, in November 2011 three estate agents were asked to provide estimates of value of the property and tender for the opportunity to market it on behalf of the council. The estimates of value were: £150,000 - £155,000, £160,000 and £125,000 - £175,000. An agent was instructed and marketing commenced.
9. The property was added to the national property website Rightmove, and two adverts were placed in the local newspaper, The County Press. Block viewings were undertaken to deal with the high level of interest generated by this property. Four offers were received.
10. The highest offer of £176,000 is subject to a mortgage, and therefore survey, which increases the risks to the council of proceeding with this purchase and of it completing.
11. The second highest offer of £172,000 however, is not subject to survey, and the bidder has sufficient cash funds in place to purchase the property immediately (proof has been provided), both of which substantially reduce the risks to the council of the sale not completing at this price.
12. With the relatively small difference of £4,000 between the second highest cash offer of £172,000 and the highest offer of £176,000 subject to a mortgage and survey, the lower cash offer is considered much less risky and is therefore recommended for approval.
13. It should be noted that the land on which the property stands forms part of the Puckpool Park scheduled monument, which is managed by English Heritage. This status does not preclude the council disposing of this asset. The lodge building is not listed.

## STRATEGIC CONTEXT

14. The rationalisation of the council's property assets forms part of the "delivering of budget savings through changed service provision" agenda within the council's Corporate Plan. Accordingly, the council actively seeks to sell or dispose of assets that are surplus to requirements where practicable to maximise receipts.

## CONSULTATION

15. Consultation was undertaken with Parks and Countryside, the service area which manages Puckpool Park. Consultation has also taken place with the Cabinet Member for the Economy and Environment, the Local Member and the Parish council, all of whom have confirmed that they have no comment.

## FINANCIAL / BUDGET IMPLICATIONS

16. The sale of the property will result in a capital receipt of £172,000, which will contribute towards the council's capital receipts target of £1.9m for this financial year as set out in the Capital Receipts programme 2011-2013.
17. If the property were not sold, it would be possible to attract a rental income by letting it. We have been advised by rental agents that the open market rental of the property, in good condition, is likely to be in the region of £7,200 per annum, giving an investment value in the region of c. £80,000. However, the council would need to spend £30,000-£40,000 (not formally costed) refurbishing the property to put it into an acceptable condition before this rental income could be received. As a property for sale, we know that the property in its existing condition is worth at least £172,000. This clearly demonstrates that best value will be achieved via a sale with vacant possession.
18. Disposal of the property will result in revenue savings to the council, as while the council retains ownership there will be management and maintenance costs. Once the property is sold, these revenue costs will fall away.

## CARBON EMISSIONS

19. The site has been tenanted for many years, with the tenant responsible for the payment of utilities. Accordingly, emissions have not been recorded as council emissions and therefore the sale of the property will not have any impact on the direct council's emissions. Any new purchaser would continue to produce carbon emissions as the new owner of the property.

## LEGAL IMPLICATIONS

20. The council currently holds the title to the Puckpool Park on a freehold basis with unencumbered title, including Puckpool Lodge.
21. The council will grant a pedestrian and vehicular right of access from the adopted highway to the Lodge, which will pass over part of the Puckpool Park estate road.
22. As the purchaser of Puckpool Lodge will need to drive through the park gates to access the Lodge House, it will be important for the external appearance of the Lodge House to remain in good condition at all times. Accordingly, as part of the freehold sale a covenant to ensure the freeholder observes repair and maintenance obligations will be included within the title. This will also extend to the boundary wall of the Lodge House, which is particularly visible to the public as one drives past Puckpool Park.
23. There will also be a covenant on the title that, in the event that the council wishes to lock the park gate at night, the purchaser will be provided with a key and will be required to ensure that the gate remains locked during the hours of darkness.
24. The council has the ability to dispose of property under Section 123 of the Local Government Act 1972 for best consideration.
25. The property's status as part of a scheduled monument does not preclude the council from disposing of this asset.

## EQUALITY AND DIVERSITY

26. The council as a public body is subject to general and specific duties under equality and diversity legislation and as such has a duty to impact assess its service, policies/strategies and decisions with regards to diversity legislation and the nine protected characteristics (race, gender reassignment, disability, age, sex and sexual orientation, religion or belief, pregnancy and maternity, marriage and civil partnership). This report considers that none of the identified groups are likely to be adversely affected by this decision, because the Lodge was until recently occupied as a single residence, and it will continue to be so following the disposal.
27. The previous occupier of the property found suitable alternative accommodation before terminating their lease agreement.

## PROPERTY IMPLICATIONS

28. It is considered that property implications are adequately covered within the main body of this report.

## SECTION 17 CRIME AND DISORDER ACT 1998

29. S17 Crime and Disorder implications have been discussed and considered, and it was concluded that there are none, as Puckpool Lodge will continue to be occupied as a single residential dwelling following the sale.

## OPTIONS

30. Options have been considered in respect of this property as follows:
- (a) To sell Puckpool Lodge and accept the offer of £172,000 from a purchaser who is in a strong financial position to proceed with the purchase.
  - (b) To sell Puckpool Lodge and accept the offer of £176,000 from a purchaser who requires a mortgage, and therefore a survey.
  - (c) To continue to market Puckpool Lodge openly in the hope of achieving a higher capital receipt.
  - (d) To retain ownership of Puckpool Lodge and seek to lease it.

## RISK MANAGEMENT

31. Option (a) represents a low risk to the council as the market has been fully tested to ensure that the best price is being obtained, the offer is not subject to survey and the purchaser has provided proof that it has sufficient funds to complete the purchase.
32. Option (b) represents a medium to high risk of the eventual purchase price being reduced below the current offer level of £176,000 following a mortgage application and survey (when the property may be down-valued). There is also the risk of delays to the sale if the mortgage lender deems a retention of funds is necessary, to ensure works are done to the property before the full funds are released (for example, to treat damp).

33. Option (c) represents a medium to high risk of losing the current offer, because if the council does not accept this current offer and continues to market the property, the preferred bidder may decide not to pursue the purchase of Puckpool Lodge/purchase an alternative property. If this were to happen, there is a substantial chance that consequently a lower offer would need to be accepted for the property.
34. Option (d) could result in increased revenue income to the council for the future rather than an immediate capital receipt. However, this option would also result in capital (refurbishment) and revenue (management and maintenance) costs to the council, plus the risk of the council being responsible for rates, utilities and other costs, while a tenant is being found, particularly in the current economic climate. Whilst capital costs for refurbishment have not been formally established, it is estimated that at least £30,000-£40,000 would need to be spent on the property to bring it into a reasonable state of repair, for example to be rented out to a new tenant.

## EVALUATION

35. Option (d) is not recommended as it fails to achieve a capital receipt, will result in capital expenditure by the council (at least £30,000-£40,000) and is likely to create revenue cost implications to the council, particularly whilst unoccupied. There is currently no budget to cover any of these costs under this option.
36. The investment value of the property, as a rented out asset, is circa £80,000, compared to the capital value of the property as an opportunity for disposal which is £172,000. Notwithstanding the need for a capital investment of £30,000-£40,000 to achieve the former, retaining the property under this option does not make economic sense for the council.
37. Option (c) is not recommended as the property has been fully advertised, good interest was generated and three healthy offers received. Accordingly, the agent has confirmed that the price agreed with the purchaser reflects the current market value. It is unlikely, therefore, that the council would achieve a higher value by choosing not to pursue a sale to the current preferred bidder, instead continuing to market the property to seek an alternative purchaser who may pay a higher price.
38. In addition, when compared to the original valuations and other offers received on the property, the offer demonstrates best value, and therefore the benefit to the council of pursuing this option is limited.
39. Option (b) is not recommended as the offer of an additional £4,000 is insufficient to compensate the council for the risks associated with a mortgage application and survey, and possible delays if the mortgage lender requires retention of funds. If retention of funds is requested, by the time this is known the other bidders would in all likelihood no longer be interested, which leaves the purchaser in a strong position to reduce its offer further.
40. In light of the poor condition of the property, the capital and revenue implications of refurbishing and retaining the property, the comparison of the investment value as a result with the value as an opportunity for disposal and the low risks associated with the preferred offer, it is therefore considered that the sale of Puckpool Lodge, Option (a), is the most appropriate disposal path.

## RECOMMENDATION

41. Option (a) - To sell Puckpool Lodge and accept the offer of £172,000 from a purchaser who is in a strong financial position to proceed with the purchase.

## APPENDICES ATTACHED

42. [APPENDIX](#) - site plan

## BACKGROUND PAPERS

43. None

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STUART LOVE  
*Strategic Director*  
*Economy and Environment*

COUNCILLOR GEORGE BROWN  
*Cabinet Member*  
*The Economy and The Environment*

Decision

Date

Signed

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